

STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE
601 DELAWARE AVENUE
WILMINGTON, DELAWARE 19899

TAX NEWSGRAM 72-28

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PERSONAL INCOME TAX


- Foreign Taxes - Deduction

QUESTION: Are taxes paid to a foreign country on income from dividends, interest, etc., deductible on the State tax return? Taxpayer has claimed the taxes paid as a credit against the income taxes due to United States Government.

Taxpayer has an election when filing Internal Revenue Form 1040 to either claim the taxes paid as a deduction or credit. In fact unless the taxpayer itemizes deductions on the Federal return he does not have this election.

If the taxpayer has elected to claim the credit, his total Federal itemized deductions will not include the foreign tax deduction. On the State return the total amount of itemized deduction would be the same as the Federal.

There is no provision in the State law to allow additional itemized deductions. It is, therefore, held that if taxpayers claim foreign taxes paid as a credit on the Federal return there will be no deduction for such taxes on the State return.


J. H. Kennedy
Director of Revenue

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